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ECONOMIC MONOGRAPHS. No. VI

# FREE SHIPS

THE RESTORATION

10

THE AMERICAN CARRYING TRADE

BY

JOHN CODMAN

NEW YORK

P. P. PUTNAM'S SONS  
162 FIFTH AVENUE

1893

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THE AMERICAN CARRYING TRADE

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JOHN CODMAN.

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## FREE SHIPS.

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### The Restoration of the American Carrying Trade.

It may seem surprising that an American House of Representatives should have been so ignorant of the meaning of a common word as to apply the term "commerce" to the carrying trade, when in the session of 1869 it commissioned Hon. John Lynch, of Maine, and his associated committee "to investigate the cause of the decadence of American commerce," and to suggest a remedy by which it might be restored.

But, it was not more strange than that this committee really appointed to look into the carrying trade to which the misnomer commerce was so inadvertently applied, should have entirely ignored its duty by constituting itself into an eleemosynary body for the bestowal of national charity upon shipbuilders. Its Report fell dead upon the floor of the House, and was so ridiculed in the Senate that when a motion was made to lay the bill for printing it upon the table, Mr. Davis, of Kentucky, suggested, as an amendment, that it be kicked under it. Nevertheless, the huge volume of irrelevant testimony was published for the benefit of two great home industries—paper making and printing.

The theory of this committee was that the Rebellion had destroyed another industry nearly as remote from the proper subject of inquiry as either of these. These gentlemen con-

cluded that shipbuilding was becoming extinct, because the Confederate cruisers had destroyed many of our ships—a reason ridiculously absurd, in view of the corollary that the very destruction of those vessels should have stimulated reproduction. Since that abortive attempt to steal bounties from the Treasury for the benefit of a favored class of mechanics, Government, occupied with matters deemed of greater importance, has totally neglected our constantly diminishing mercantile marine.

By refusing to repeal the law that represses it, it may truly be said that had every ingenuity been devised to accomplish its destruction, its tendency to utter annihilation could not have been more certainly assured than it has been by this obstinate neglect.

In the session of 1876, Senator Boutwell of Massachusetts renewed the proposition of Mr. Lynch, but his Bill was not called up in the Senate. In the course of intervening years a little more light may be presumed to have dawned upon Congress, and, therefore, it is to be regretted that the Senator did not obtain a hearing, in order that the fallacy of his argument might have been exposed.

If any one cares to study the origin of our restrictive navigation laws, he can consult a concise account of it given by Mr. David A. Wells, in the *North American Review*, of December, 1877. It came out of a compromise with slavery. The Northern States agreed that slavery should be “fostered”—that is a favorite word with protectionists—provided that shipbuilding should also be fostered, and that New England ships—for nearly all vessels were built in that

district—should have the sole privilege of supplying the Southern market with negroes !

That sort of slavery being now happily at an end, ship-builders still inherit the spirit of their guild, merely transferring the wrong they perpetrated on black men by binding all their white fellow citizens with the bonds of their odious monopoly. Moreover, although the arbitrary law of the mother country forcing the colonists to conduct their commerce in British built ships was one exciting cause of the Revolutionary Rebellion, Americans had no sooner obtained their independence than they created a monopoly quite as tyrannical among themselves. And yet, they were not then without excuse. At the time when the Convention for forming the Federal Constitution convened in 1789, every civilized nation was exercising a similar restrictive policy. But while all of them have either totally abolished or materially modified their stringent laws touching their shipping interests—America, “the land of the free,” the boasting leader of the world’s progress and enlightenment, stands alone sustaining this effete idea. She persists in maintaining an ordinance devised originally for the protection of the home industry of her shipbuilders, which has now become a most stalwart protection for the industry of every foreign ship-owner whom we encourage in the transportation of our persons and property over the ocean—an industry in which this law forbids a similar class of her own citizens to participate !

Whatever may be the arguments in favor of, or opposed to, the protection of industries under the control of our own Government, none of them can apply to those pursued upon

an area which is the common property of the world. It is a proposition so evident that no words need be wasted in its demonstration, that, other things being equal, the cheapest and best ships, most adapted for the purpose, by whomsoever owned, will have preference in the carrying trade over the ocean. You may pile the duty, for instance, on iron, and grant bounties on the production of the American article if you please, to any extent ; you may, if you choose, prohibit the importation of ploughs, and then assess farmers ten times the cost of their ploughs for the benefit of the home manufacturer. You would undoubtedly succeed in compelling them to purchase American ploughs. They must have them or starve, and we should all starve likewise if they did not use those protected ploughs to cultivate the soil. Indeed, in a less exaggerated way we are doing something very like this continually under the guise of "protecting home industry."

It is a legitimate business for the advocates of that doctrine. If they believe in it they are quite right in "trying it on," and in making the people at large pay as much as can possibly be got out of them for the benefit of a few.

But fortunately they cannot build a Chinese wall around the country. We are necessitated to have intercourse with other nations. We have a surplus of agricultural products to dispose of to them which they cannot pay for unless to a certain extent we take the merchandise they offer in exchange. This exchange, with all due respect to Mr. Lynch, his committee and the House of Representatives appointing those astute investigators, is commerce. The carrying

trade is the means whereby commerce is conducted, and this carrying trade, an industry once of vastly greater importance to our people than all shipbuilding has been, is now, or ever can be, is a business that Congress by its supine neglect has deliberately thrown into the hands of Europeans, and sacrificed American shipowners at the instigation of American shipbuilders.

In face of the prosperity achieved in consequence of the abandonment of a ruinous system by other nations, in face of the lamentable decadence its maintenance has brought upon ourselves, we still persist in packing this Sindbad of prohibition, the worst offspring of protection, upon our back, and then we wonder that we alone make no progress!

Certain political economists are in the habit of raking up records of the past wherewith to justify their theories for the present age. They tell us of England's protective laws in Cromwell's time, and say that as by them she then established her mercantile marine, we should endeavor to regain what we have lost, by a return to the policy of that period, from which by the by, we have varied only in a small degree. Upon the same principle we should abandon steam, which, like the progress made by our competitors, in free trade, is merely another improvement in the train of advancing civilization. When such men talk of the steamship enterprises which have triumphed in spite of their antediluvian ideas, they tell us that England supported the Cunard line by subsidies, and thus put her shipbuilding on a firm basis. The inference is that we should go back to 1840, build some 1200 ton wooden paddle steamers and subsidize them.

That this is no idle supposition is shown by the fact that long after England had abandoned that class of vessels in favor of iron screw steamships, we did build and subsidize the unwieldly tubs, some of which are still in the employment of the Pacific Mail Steamship Company. We became the laughing stock of the rest of the world who classed us with the Chinese, and our steamships with Chinese junks. The Japanese just emerged from barbarism exceeded us in enterprise.

They now own one line of fifty-seven steamships, more of them engaged in foreign trade than all the steamships we thus employ upon the ocean! At a late day we did commence the use of iron screw steamships of such description and at such cost as one or two domestic ship-yards chose to supply, and thus we were as far from resisting competition as ever.

Now, if there was no ocean traffic of which we should be deprived, the hardship to our shipowners would be comparatively trifling, although the tax upon ships of inferior workmanship and higher cost would, like all the operations of the tariff, be felt by the community at large. This is evident enough.

The Pacific Mail Steamship Company, for example, in order to pay expenses, to say nothing of profits, are obliged to charge a higher fare to passengers, to exact higher rates of freight from shippers and to demand a larger postal contract from government than they could afford to take, if by being allowed to supply themselves with ships in the cheapest markets of the world and of the best quality that compet-

ing shipyards could turn out, they might save one-third of their cost and have better steamers. If, therefore, we had only the coasting trade to consider, we might say that the prohibitory statute would not pinch the shipowner particularly, but its evil would be generally distributed. We are actually carrying on the coasting trade in this way, and as it is all that shipowners have left, of necessity they oblige the community to pay them the excess of cost in order that protection may inure to the benefit of the few monopolists who build iron steamships and are able to force the quality and price upon their unwilling purchasers. We can, and do without considering the pockets of the majority, make whatever laws we please for our own coasting trade.

But now let us look at the ocean rolling from continent to continent, unfettered by the chains with which "protection" can bind the lands and coasts upon its borders appropriated by nations to themselves. It is independent of an American tariff and of them all, as it was in the days when—

"It rolled not back when Canute gave command."

It welcomes the people of all nations on equal terms to its bosom, and Commerce is the swift-winged messenger ever travelling from shore to shore. Look at it, and if our eyes could scan it all at once, we should see the smoke darkening the air as it rises from hundreds of chimneys, telling of fires that make the steam for propelling the mighty engines that bring the great leviathans of commerce almost daily into our ports and into those whom we supply and by whom we are supplied with the products of mutual labor,

The flags of all nations are at their peaks—the British, German, Dutch, Danish, Belgian, French—but among the three hundred and more there are only four that carry the stars and stripes, and these were put afloat mainly at the cost of the Pennsylvania Railroad Company. Three hundred steamships, employing fifty thousand men earning a million and a half of dollars monthly; these men supporting and educating families, and themselves becoming reserves for their respective countries to call upon for naval service in time of war! Look at the ports from which these vessels wherever built, now hail, and which they enrich by the capital they distribute. Behold the warehouses, repairing shops, foundries, and other various industries connected with these enterprises, and the shipowners engaged in promoting them pursuing a legitimate business.

Then look at home. First calculate the sum of one hundred and thirty millions of dollars that has been annually paid by us to those foreigners for transporting ourselves and our merchandise. Then go back in memory to the time when in the days of sailing ships, our packets almost monopolized the ocean on account of the skill of our officers and seamen.

Reflect that if a policy of ordinary foresight had prevailed in our national councils when these sailing ships were killed off by the competition of the newly-invented iron screw, their old commanders and their noble crews would have kept their employment, and as they died would have been succeeded by men as worthy as themselves, adding to our revenue in time of peace, and, when needed, supplying a navy

now maintained at an immense expense—God save the mark!—for the protection of an extinct merchant service!

See how few American steamship offices, how few repairing shops we have need of for these foreigners, who employ their own agents instead of our merchants, and naturally endeavor to do all the work required upon their vessels at home. Then search for the American shipowners engaged in trade beyond the seas. Look for them in their deserted counting-rooms of South street, in New York. As their old captains have retired in poverty and are begging for such offices as that of inspector or port warden, or for some subordinate place in the Custom-House, while the seamen are mostly dead with none to come after them, so South street is abandoned by its honorable merchants, who have, in too many cases, moved up to Wall street, and become gamblers by being deprived of their original business. When you have done all this, finish up your investigation by estimating how much sooner the rebellion might have been overcome, if in years past we had owned our share of the world's shipping, and multiply the \$130,000,000 of freight money we annually pay to foreigners by the number of years we have been engaged in this suicidal policy of protecting them in earning money that of right belonged to our own people!

Having sketched this result of American legislation, let us glance at that of other nations in late years; for it is as useless to dwell upon what it was a century or two centuries ago as it would be to study the navigation laws of the Phœnicians, or to inquire if Solomon exacted that the ships bringing his spices from India and his gold from Ophir should

be of Jewish construction. Old things did not pass away and all things did not fairly become new until the discovery of gold in California and Australia revolutionized values, created universal national intercourse, and by thus giving a sudden impetus to commerce, made the carrying trade an industry of far greater importance than it had ever been before.

At that epoch, our restrictive laws were productive of no harm to us, because it so happened that most of the business of the seas was done in wooden sailing ships, and it also happened, fortunately for us, that we had the faculty and the means of constructing them better and cheaper than they could be produced elsewhere. Accordingly our shipyards became wonderfully active in supplying the demands of our shipowners, and the *personnel* as well as the material of our merchant fleet being of the highest character, it was consequently in active employment. In the ratio of the increasing value of our carrying trade there was a corresponding decrease in that of Great Britain, simply because her restrictive laws, which were the same then as ours are now, prevented her people from owning such magnificent clippers as we were able to build, on equal terms with us.

But British statesmen were not inattentive to the situation. They wasted no time in appointing committees to investigate the cause of the difficulty, for it was as clear to them as the noonday sun, as clear as the occasion of our "decadence" should have been to the House of Representatives that appointed Mr. Lynch—as clear as it should be to the Congress now assembled.

Parliament deputed no half dozen of its members to spend six months in running around among shipbuilders, asking them what bounty they required to build clippers like the Americans, and how long it would take them to equal American shipbuilders in skill, material and cost.

But, realizing that the interests of commerce and ship owning were of infinitely greater value than that of mere shipbuilding, they did not propose to lose them, while the latter industry should endeavor to gain a new life. Regardless of any such consideration as that which solely actuated our investigators, Parliament at once abolished the prohibition to purchase foreign built ships. The greatest good of the greatest number was the motive of this wise decision.

As soon as they were thus allowed to do so, English ship-owners ordered clippers from our shipyards, and putting them into profitable employment under their own flag, kept on with their business, sharing with us the supremacy of the seas, which but for the timely action of their government they would inevitably have lost. In this way they maintained it until there came a new era in shipbuilding, when circumstances becoming reversed, their mechanics were enabled to accomplish what ours could not, in the construction of iron screw steamships. Had Congress then been as wise as Parliament was in 1849, our shipowners would, in their turn, have maintained their prestige by supplying themselves from abroad with the new vehicles of commerce they could not procure at home, and we should never have heard of "decadence." Instead of such obviously judicious action, it has done nothing but condemn us year

after year to enforced idleness in the name of "protection." So we have endeavored to compete with these new motors on the sea by means of wooden sailing ships and paddle steamers, until they are of service only in our coastwise monopoly or rotting at the docks, if not broken up. We have gone on steadily protecting ourselves to death, and protecting England and Germany, the chief of our rivals, to life at our own expense of vitality. England's justice to her ship-owners, which at first seemed harshness to her shipbuilders, was eventually the means of their prosperity. It set them to "finding out knowledge of witty inventions," and now they have one hundredfold the capital invested and labor em-ployed in iron steamship building, more than ever found occupation in their old shipyards.

In a recent address before the New York Free Trade Club, Mr. Frothingham humorously described a visit made by him a few years ago to the studio of an artist. He found him seated in despair, amidst a gallery of his unfinished pictures, his pallet, brushes and colors scattered about upon the floor, complaining bitterly of his lack of business. "This importation of French pictures," he said, "is ruin to American artists. Something must be done for our protection; we intend to get Congress to raise the tariff on those produc-tions so that we shall not have to contend with the cheap labor that takes the bread out of our mouths." It may be noticed that this common phrase is very generally employed by those who are too lazy to supply their own mouths with bread. "Something," added the desponding artist, "must positively be done, and that very soon, or our

occupation will be gone!" "I thought," said Mr. Frothingham, "that I could more easily convince him of his mistake by entering for the time into his humor, and so with apparently deep sympathy, I condoled with him and promised to exert my influence in behalf of his profession. He thanked me heartily for my good will. But then I continued, "I want you to do something for me and for my profession in return." "How can I!" exclaimed my friend with some amazement, "Why," I replied, "We must get up what they call an omnibus bill, including relief for painters and preachers. Don't you know that one of the Presbyterian churches in New York, has imported, duty free, the Rev. Dr. Taylor from England, another, the Rev. Dr. Hall, from Ireland, and the Princeton Theological Seminary has brought over, without Custom House charges, the Rev. Dr. McCosh from Scotland? Now that is "taking the bread out of our mouths." There are plenty of American clergymen who would be glad to obtain these positions, and what right, therefore, have those congregations and that institution to supply themselves from abroad? The wants of the people ought not to be considered, but an art monopoly, a pulpit monopoly, a monopoly of any kind should be protected." In a style of satirical reasoning, of which the foregoing is an abstract, conviction was brought to the mind of the painter. Changing his tone to one of serious advice, the clergyman counselled him to go to work, to let competition become an incentive to action, instead of paralysing his energy. He then told him how the advent of these foreign divines had been a stimulus to him and to his brethren in the ministry,

- ~ The result was that to-day there is a higher standard of pulpit eloquence in New York than in any other city of the Union.

The lecture of the preacher was serviceable to the artist who is now at the head of his profession, caring no more for French rivalry than for that of a tavern sign painter. The appositeness of this illustration will be evident when it is applied to the subject under consideration.

Almost immediately after the repeal of the British Navigation Laws the revolution in shipbuilding to which I have referred had its commencement, and we have seen how British shipowners availed themselves of it. Nor were they alone in adopting the change from sail to steam and from wood to iron. We can remember what a large trade we had with Germany twenty-five years ago, although it was small compared with that of the present. At that time it was chiefly conducted in American vessels. But when iron steamships came into vogue, wooden vessels, both American and German, were abandoned. If we had been permitted to do so, we should have still kept the greater part of that important carrying trade in our hands. But we were shackled by our navigation laws, while the Germans were unconstrained by any such impediment.

The *personnel* of our mercantile marine was, in every respect, superior to theirs, but it was consigned to annihilation by our protective government; while Hamburg and Bremen took their old galliot skippers in hand and educated them to the responsible places they now fill in command of the splendid lines of iron steamships, making their

semi-weekly trips across the Atlantic, having absolutely monopolized the whole American trade!

Thus our government protected the Germans as well as the English. By citing other examples, we might show how the "fostering" hand of protection has been extended by our government to every nation choosing to trade upon the necessities of prohibited Americans.

Now, if the United States persist in maintaining a policy long since abandoned by Europeans, South American and Asiatic nations, even by Japan, leaving us only China as a companion, there must surely be some arguments to support it, and to account in some other way than has been pointed out for the decadence of our carrying trade. It was the theory of Mr. Lynch's committee that we were going on very successfully until the civil war supervened, and then the Confederate cruisers destroyed our "commerce," as they termed the industry we have lost. If this is not disposed of by what I have already said, permit me to quote from my scrap-book an extract from a letter addressed by me to the *New York Journal of Commerce*, in the spring of 1857, *nearly four years previous to the commencement of the rebellion*:

"In an article, written some months since, it was assumed that steam was destined to be the great moving power for emigration, and that it would supplant, almost entirely, the use of sails. Experience is every day justifying this view, and still more, it is becoming evident that in proportion as steam can be economized, it will serve for the transportation of very much of the merchandise now carried by sailing vessels. In fact, the time is not far distant when the latter class of ships will be required only for articles of great bulk and comparatively little value,

"The only question now is, who are to be the gainers by this revolution in navigation?

Figures are very convincing arguments to American minds. Let us use them:

In January last it was stated that less than eighteen years have elapsed since the first steamship propelled wholly by steam crossed the Atlantic ; and now there are fourteen lines of steamers, comprising forty-eight vessels, plying between Europe and America."\* Upon looking into this with a view to test its correctness, it was found to be within the truth ; for, including transient steamers, the number was greater than stated. And it incidentally appeared that of them all, there were but seven under the American flag—all seven, side wheel ships—and, on the average, unprofitable, even with the support of government, upon which they leaned."

Maintaining then, as now, that the screw must supersede the side-wheel for all purposes, excepting perhaps those of mail carriage, and that iron screw steamers are, in all commercial respects, preferable to wood steamers, the argument was adduced that England, being able to construct this class of vessels more economically than we can, must of necessity have the monopoly of building them. Her monopoly, in this respect, we cannot prevent ; but it depends upon ourselves and our government whether she shall share with us the monopoly of owning and sailing them.

I have taken a bold, and it may be, *apparently*, an unpatriotic stand, in assuming that the only way in which we can participate in ocean steam navigation is by adopting a system of reciprocity with England in so changing our laws that we may buy her steamers as she now buys our sailing ships, because she finds it for her interest to do so."

These views, *entertained twenty-one years ago*, were applicable then. They have been applicable ever since—they are applicable now. They have been the staple of all

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\* In twenty-one years the number of our transatlantic steamships has decreased from seven to four, while those under foreign flags have increased two hundred and fifty.

that I have ever written on the subject before the war, during the war, and since its termination.

Iron steamship building was in its infancy in 1857. Its great development was merely coincident with our civil war. That war was a horrid nightmare. We found that our navigation interests, with many other things we could ill afford to lose, the lives of hundreds of thousands of our young men, vast sums of our money, and not a little of our morality, were gone. Those lives can never be restored, while our money may be regained, and it is to be hoped our morality may be improved, but as to our ships, we simply refuse to replace them with those that are better.

One argument in opposition to free ships is founded upon the injustice that would be done to our shipbuilders. Were this true, it might be said that ship-owners and the general public have some rights that shipbuilders are bound to respect. The interests of our whole people are paramount to theirs as were those of the English people in 1849, when the proportion of their shipbuilders was greatly beyond that of ours at this day.

In point of fact, however, the suffering of our shipbuilders by the repeal of the navigation laws, would, from the first, be scarcely appreciable, and, in the end, would be more than compensated by increased business.

It would matter very little either to the builders of wooden vessels or to the public if that provision of the statute which touches that department, and which really was intended for that alone, should be repealed or not. Our mechanics build mainly for the coasting trade, and they build wooden vessels

so good, and at such low prices, on account of the material at their hands, that there is little danger of any competition with them on the part of foreigners. We never had any reason, and probably never shall have, to fear the rivalry of other nations in this particular line of business. So long as it constituted the only method of construction, as we have seen, England found her advantage in coming to our market for her ships.

Therefore, what Congress does, or neglects to do, regarding this branch of shipbuilding, is of very small moment. Our wants do not lie in that direction.

The iron screw steamship is now the great and profitable carrier upon the ocean, and all we care to ask is the privilege to avail ourselves of this "survival of the fittest." Whence then comes the opposition to what should be the inalienable right of an American citizen to own the best ship that he can buy with his own money.

Naturally, from the few iron shipbuilders in this country, the chief of whom happens to be an Irishman. I would not be understood as speaking disrespectfully of his nationality, for I am aware that our political machinery depends very much upon the votes of his countrymen for its running order. Nevertheless we do object to this perpetual cry of the "Protection of Home Industry" which simply means the protection of Mr. John Roach at the cost of the forty million citizens whom he has adopted.

This personal allusion is unavoidable. Mr. Roach is omnipresent in the lobbies of Congress, and by his persuasive blarney exerts an undue influence there. Withal he is my

personal friend, and I have often had occasion to compliment him upon the ingenuity of his appeals.

When we approach Congress with the modest request to be allowed to buy ships where we can do so upon the most satisfactory terms, Mr. Roach is always on hand to give assurance that it is needless for us to go abroad, for by his skill and his labor-saving processes he is able to supply us with all the ships we require cheaper than they can be bought upon the Clyde. Again when there is a subsidy bill before the Senate or House, our versatile friend is equally ready to go down upon his knees as a beggar, telling Congress that the only way to regain our ocean prestige is to subsidize the companies from whom he expects to get orders, as otherwise they cannot compete with the "pauper labor" of the country he has abandoned. In either case, as will be readily seen, the object is to have us contribute to the prosperity of Mr. Roach.

With pride the iron shipbuilders of the Delaware point to the increase of their business, infinitesimal as it is, compared to the ever multiplying production of British shipyards. But whence does this increase arise? From the demand of our people for carrying grain, cotton and other products to Europe, and bringing back merchandise therefrom in competition with the great fleet of foreign steamers to whom we have given the monopoly of that business? By no means. It will be found upon critical enquiry that every one of our home-built iron steamers, excepting two or three in the W. India business, is built for our coastwise trade or for some line that had been subsidized.

Even the three or four ships belonging to what is called the "American Line," running between Philadelphia and Liverpool, may be said to be subsidized, as without an entire remission of taxes from the State and the aid of the Pennsylvania Railroad, they could not have been put afloat.

Now, why cannot American shipbuilders compete on equal terms with those of Great Britain? That they cannot is evident from the fact that they do not; for it would be unreasonable to suppose that the ability to sail ships, on the part of our seamen, vanished with the departure of wooden vessels. It is true that we need a revision of other maritime laws besides those under discussion, but it is sufficient now to say that we cannot prove our ability to sail ships unless we are permitted to own the ships we desire to sail.

Ships are but the tools of commerce, and if we have not the tools we cannot do the work. Foreign mechanics cannot sell us these tools; our own mechanics cannot provide them; therefore the workmen of the sea are idle.

If one of Mr. Roach's theories is correct, if he can build steamships cheaper and better than those we desire to buy, why does he object to the introduction of an article that can do him no harm? If the other is true, and undoubtedly it is, that he cannot build the ships that are needed without the aid of a bounty or a subsidy, what then? Manifestly, unless the prohibition to purchase such ships is removed, it being the duty of Congress to protect the individual interests of Mr. Roach and his confreres by subsidies, equal justice demands that every person as well as every company who is forced to come to them for ships, should be subsidized

to the extent of the difference of the cost of a ship in the United States, and that in the country where they are most advantageously built, and this difference is at least twenty-five per cent. Call it rather more or rather less as we please, but a vast difference is on all hands acknowledged, and the fact of our non-production proves it. The shipbuilders have already had exceptional legislation by a considerable remission of duties in their favor. But it is not enough.

In order to compete successfully with foreigners, they should obtain the repeal of all duties which make their daily life so much more expensive to them than it is to their fellow craftsmen in Scotland. But having already more protection than any other class of mechanics, they have scarcely the presumption to demand any partiality to that extent. Another, and a more forcible reason for their lack of success is that there has been no competition in the importation of ships to stir them to exertion. Had there been, the first difficulty might more readily be overcome. The illustration used by Mr. Frothingham already given, applies with greater force to ship building than to any other industry. The importation of ships is absolutely prohibited, whereas that of all other articles is either free or accompanied by a duty. And it is worthy of notice that the smaller the duty on whatever is introduced, the greater is the constantly improving skill of our domestic manufacturers in its production.

As an argument against free ships, opponents of the measure a few years since circulated and placed on the desks of members of Congress, a lithographed drawing. It represented among other things the destruction of our ves-

sels by the *Alabama*, and a personal caricature, the compliment of which it does not become me to more than acknowledge. Its chief ground was occupied by starving mechanics, standing listlessly around deserted ship-yards and machine-shops.

There was some truth in this part of the picture. There was no reason why mechanics should starve at that time when a common laborer obtained from two to three dollars per day for his work, but there was a reason for the abandonment of wooden ship-yards and old-fashioned machine-shops.

Wooden ships were no longer in demand at home or abroad, and the world had discovered better machinery to propel better ships. As an offset to this pictorial argument, another might have been introduced, exhibiting in the background the mere blacksmiths' shops of the free cities of Hamburg and Bremen, as they existed before the era of iron steamship building, and in the front the subsequent appearance of great workshops and foundries, first built for the purpose of keeping in repair the fleet of steamships bought by unhampered Germans to do our American carrying trade, and afterwards kept in more active employment, by the ability their workmen have since acquired to supply their home market with steamers of their own construction.

The advocates of subsidies have committed a grievous error in arguing that postal contracts, given to one or more steamship companies, will tend to a revival of shipbuilding for public benefit. It is evident, on the contrary, that those ships, a part of whose cost is defrayed by National bounty,

would be run as monopolies against individuals who have no such charitable aid. A subsidy given for the protection or the assistance of shipbuilders is a downright robbery of the people's purse. There can be no question about the propriety of giving a proper compensation to steamship companies who carry the mails. They ought to be paid as liberally as railroad or stage-coach companies, according to the miles they traverse and the difficulties they surmount. Their true policy is first to advocate a measure whereby they can be supplied with the best ships for their purposes in the cheapest markets of the world, not only because in ordinary traffic they can thus better compete with rivals under foreign flags, but because they can better afford to accept a moderate compensation from our government for carrying its mails.

Mr. Charles S. Hill of New York, has recently published a pamphlet of elaborate statistics, his object being to prove that Great Britain has protected not only her commerce, but her shipbuilding, by subsidies. In one respect he is right. By liberal payment for the carriage of her mails she has indirectly fostered commerce in maintaining regular postal intercourse. But there is not the slightest evidence to show that she paid out her public money to encourage either private shipbuilding or ship owning. In England each of these industries stands by itself, and is able to maintain itself. All that either of them asks, and all that they both receive, is liberty. It is this, and this alone, that has given them their overshadowing success.

*It is the want of it, and only the want of this great element of prosperity, that has brought upon them in the United States the oft-lamented "decadence."* In this one sentence the whole story may be read.

In giving her postal contracts, England never enquires where the ships that carry the mails are built. It is sufficient that under her flag they perform their work.

It was only the other day that a British subsidized line on the coast of South America, bought the steamers of a bankrupt French line, put them under the British flag, and went on with their accustomed regularity in carrying the mails—all that was required at their hands.

Now, if any of the companies who are seeking for postal contracts from our government are to have their proposals acceded to, it should be with the express proviso that they and all of us may be provided with the best and cheapest ships wherever they can be obtained, as in this way the public and individuals can be most profitably and advantageously served.

I have observed in the preceding pages, that the reason why our American shipbuilders are unable to compete with those upon the Clyde is, in a great measure, owing to the fact that a high tariff, making it more costly for mechanics to live, necessitates the demand, on their part, for higher wages.

In the construction of an iron steamship, as will be seen in reading a communication herewith presented, the labor may be estimated at  $27\frac{1}{2}$  per cent. of the total cost. The writer, of course, means to be understood as speaking of the

labor in putting the ship together, having the material in shape of angle iron, plates, &c., &c., already prepared.

If the labor from the time of extracting the iron from the mines, reducing it to ore, and working it up from thence to the shape required by the shipbuilder, had been included, nearly the whole cost of the ship would be comprehended under that term. Indeed, in working out this problem, we ought actually so to consider it. It will be seen that the difference in the cost of labor, even in its depressed condition in this country, without taking the higher cost of materials into account, is so great as to absolutely preclude any attempt at equality upon our part, notwithstanding what may be said to the contrary by Mr. Roach, when it suits his convenience to boast of his ability to compete with foreign shipbuilders.

At Dumbarton, I once carefully went over the books of Messrs. Wm. Denny & Brothers, a member of whose firm, Mr. James Denny, now furnishes me with some statistics. It was found that to build the *Parthia*, a Cunard steamship of 3,000 tons, 162,500 days' labor was required ; I mean with the materials already prepared.

Now, although the figures given in the tables below ought to be convincing at a glance, it is easy for any one with an ordinary knowledge of arithmetic, to make a close calculation of the labor difference in cost of British and American steamships of the same quality. I do not deny that a teakettle may be cheaply riveted together anywhere.

Naturally, in this line of argument, I shall be met by the oft-repeated question : "Do you then advocate the reduction of the wages of our mechanics to the level of 'pauper

labor' in Scotland?" By no means; but while explicitly in favor of such free trade in general as will make a dollar go as far in the United States as four shillings now go in Great Britain, I maintain that in the particular industry of ship owning, so long as the necessity for higher wages is imposed upon us, we ought to avail ourselves of any labor, "pauper" or otherwise, by which steamships are built, because other nations are so doing and are prosecuting for their manifest advantage this vastly more important business upon the ocean, which we are forbidden to engage in, because we cannot build ships. The homely illustration at the close of the parable on the concluding page, is certainly applicable. We are not allowed to whittle, because we cannot make jack-knives.

On the other hand, my friend Mr. Roach will, if he is not engaged for the moment in asking for subsidies for the very reasons I have just adduced, most confidently assert that, on account of the superiority of his machinery, and the energy of his workmen, attained by "breathing the pure air of liberty," he can overcome all the difference in wages, that he has already done so, and that he "can now build steamships cheaper and better than they can be built upon the Clyde."

Mr. Denny sends the following memorandum under date of February 5th, 1878:

*"Prices of steamers of various sizes similar to those at present employed in the Atlantic passenger trade.*

1st, 2,000 gross tons, speed on trial, 13 knots, cost £44,000
2d, 3,000        "              " $13\frac{3}{4}$ "        62,000
3d, 4,000        "              " $14\frac{1}{2}$ "        96,000
4th, 5,000        "              "        16        "        147,500

The whole of these prices include the builders' profit, which has been put down at the usual one we expect for our work.

I enclose rates of payment our men get while employed on time, but our boiler-platers work almost wholly by the piece. Also rates paid to men in the ship-yard while on time, but this system of payment has been almost entirely abandoned there in favor of piece work, which you may safely say reduces the cost of labor from ten to twenty per cent., as compared with time work. However, for such of them as are employed on time, the rates I give you are correct.

In the foregoing prices of ships I have given you, you may say that 27½ per cent. of the total cost at present price of materials may be put down against labor, but of course this will vary as the prices of materials vary.

*Rates of wages paid on Clyde to men employed in the manufacture of iron ships—apprentices excluded:*

	d.
Carpenters.....	7
Joiners.....	7½
Blacksmiths.....	6½
Platers.....	6½
Rivettters.....	5¾
Laborers.....	3¾
Angle iron-smiths.....	6¼
Riggers.....	6¼
Hammer-men.....	4¾
Holders up.....	4¾

*Rates of wages paid on Clyde to men employed in the manufacture of marine engines and boilers—apprentices excluded:*

	d.
Smiters.....	6.6
Strikers or hammer-men.....	4.23
Angle iron-smiths.....	6.5
Boiler platers.....	7.07
Rivettters and caulkers.....	6.23
Holders up.....	4.7
Iron turners.....	6.47

	d.
Iron finishers.....	6.10
Engine fitters and erectors.....	6.16
Planing machinists.....	5.64
Shaping .....	5.17
Slotting.....	5.3
Drilling.....	4.9
Pattern-makers.....	7.53
Carpenters.....	7
Joiners.....	5.5
Engine-drivers.....	4.55
Ordinary laborers.....	4

*N. B.*—The above are the average rates of each class of men as detailed, and the rates given are the amount paid in pence and in fractions or decimals of pence per hour. Fifty-one hours constitute a working week. Boiler-platers work mostly by the piece, but the rates given are those paid when they are on time.

January, 1878."

I have endeavored in vain to procure from Mr. Roach his corresponding prices of steamships and labor rates. The nearest approach to the latter has been obtained from the Secretary of the New York Free Trade Club, who has handed me a note under date of February 7th, from a well known iron ship and engine building firm of New York. They enclose their tariff of wages with these remarks:

"In regard to shipyards, you know there is no such thing around New York any more, but I give you such rates as we are now paying. We are building three small iron steamers at present.

"In regard to rates of wages, compared with Wilmington and Chester, they are about 8 to 10 per cent. under us."

#### RATES OF WAGES IN SHIPYARD.

Carpenters.....	\$2 50	@	\$2 75
Joiners .....	2 50	@	3 00

Blacksmiths.....	\$2 10	@	\$2 75
Platers.....	2 25	@	2 75
Rivettors.....	2 10	@	2 50
Angle iron-smiths.....	2 00	@	2 20
Hammer-men.....	2 00	@	2 25
Holders up.....	1 60	@	1 75
Riggers.....	2 00	@	2 50
Laborers.....	1 40	@	1 50

## ENGINE AND BOILER WORKS.

Carpenters .....	\$2 50	@	\$2 75
Joiners.....	3 00		
Hammer men.....	2 00	@	2 25
Smiters.....	1 50		
Angle iron smiths .....	2 00	@	2 25
Boiler platers .....	2 25	@	2 75
Rivettors and caulkers.....	2 10	@	2 50
Holders up.....	1 60	@	1 75
Iron turners.....	2 25	@	2 75
Iron finishers.....	2 50	@	3 00
Engine fitters and erectors.....	2 50	@	3 00
Planing machinists.....	2 25	@	2 75
Shaping     ".....	2 25	@	2 75
Slotting     ".....	2 25	@	2 75
Pattern makers.....	2 75	@	3 25
Engine drivers.....	2 25	@	2 75
Laborers .....	1 40	@	1 50

Having quoted both these lists, their data will now be arranged in a tabular form, so that the difference in the cost of labor employed on the Clyde and on the Delaware will be at once apparent. For this purpose, the Scotch prices are reduced to American money, one pound sterling being represented by five dollars currency, and the hourly pay multiplied by ten, to make a day's work.

An average is made of the wages paid in New York, and 10 per cent., the largest allowance mentioned by the New

York firm, is deducted from the average prices paid by them, resulting in the rates upon the Delaware.

### COMPARATIVE TABLE.

#### *Shipyards.*

	Labor on the Clyde.	Labor on the Delaware.
Carpenters,	per day, 10 hours, \$1 40	\$2 36
Joiners,	" " 1 45	2 48
Blacksmiths,	" " 1 30	2 18
Platers,	" " 1 30	2 25
Rivettters,	" " 1 15	2 07
Laborers,	" " 75	1 31
Angle iron-smiths,	" " 1 25	1 89
Riggers,	" " 1 35	2 03
Hammer-men	" " 85	1 91
Holders up	" " 85	1 51

#### *Engine and Boiler Works.*

Smiters,	per day, 10 hours, \$1 32	\$1 35
Hammer-men,	" " 85	1 91
Angle iron-smiths,	" " 1 30	1 91
Boiler-platers,	" " 1 41	2 25
Riveters and } caulkers,	" " 1 25	2 07
Holders up,	" " 94	1 51
Iron turners,	" " 1 29	2 25
Iron Finishers,	" " 1 20	2 48
Engine fitters } and erectors,	" " 1 23	2 47
Planing machin- } ists,	" " 1 13	2 25
Shaping "	" 1 03	2 25
Slotting "	" 1 06	2 25
Pattern makers,	" " 1 51	2 70
Carpenters,	" " 1 40	2 36
Joiners,	" " 1 10	2 70
Engine drivers,	" " 91	2 25
Laborers,	" " 80	1 31

There are two horns to the dilemma, either of which Mr. Roach may lay hold of, but he cannot swing on a pivot between them. If he accepts these figures, or anything approaching them,—and the fact that the ocean is covered by foreign built ships to the exclusion of his own is proof of their correctness,—he may go on asking for a bounty on every ton he builds equivalent to the difference in cost. Will he get it? No!

If, on the contrary, he chooses to repeat his assertion that his ships cost less than those built in Scotland, what inference is naturally drawn? Simply, that his ships are too cheap to be good.

Whatever position he may take, Section 21st of the new Tariff Bill meets every just demand of the ship owner whose rights have never been considered at all, and of the ship builder who has always been a mendicant in the lobby at Washington.

"All materials for the construction, equipment or repair of vessels of the United States may be imported in bond, and withdrawn therefrom under such regulations as may be prescribed by the Secretary of the Treasury; and upon proof that such materials have been used for such purpose no duties shall be paid thereon. And all vessels owned wholly by citizens of the United States shall be entitled to registry, enrollment and license, or license, and to all the benefits and privileges of vessels of the United States; and all laws, or parts of laws, conflicting with the provisions of this section shall be, and the same are hereby, repealed."

This is all the privilege that ship owners demand, and with the favoritism over all other mechanics shown to ship-builders, how can they complain? Even now, Mr. Roach

says that he “can build steamships cheaper and better than they can be built on the Clyde.” What will he not be able to accomplish with the provisions of this bill! His angle iron and his plates, his rivets and his brass work, his copper, his wire rigging, his sails, his paints, his cabin upholstery, mirrors, and everything appertaining to the completeness of his equipment—a great part of which would cost him vastly more at home—anything and all that he requires may be imported, duty free! Happy Mr. Roach! Why need he fear the effect of the clause in favor of ship owners? Who will avail themselves of it? But alas for the ship-builders upon the Clyde, in Newcastle and Belfast! Their occupation will be gone. Already building ships at a lesser cost than theirs, this remission of duties will enable Mr. Roach to build them from ten to twenty per cent. cheaper still. What will England then do? Will she grant bounties to her ship-builders, to meet the emergency? She did not do it in 1849, to sustain her wooden ship-builders; she will not do it now in order to “protect” an industry infinitely greater than ours, but infinitely less in importance than that of her ship owning. She will protect that, by leaving it *free*, and every Englishman who desires to buy a ship will come for that purpose to the Delaware. Mr. Roach objects to our buying British ships now; will he decline to sell American ships then?

In view of this glorious future, how can you, Mr. Roach, oppose the 21st section of this bill?

I have thus adduced some of the principal arguments in

favor of the free importation of ships, the only method by which the lost prestige of our commercial marine can be restored. I have given a very close attention to the subject for many years, having in the outset come to the conclusion which subsequent time and events have abundantly confirmed.

If this essay should prove too long to be carefully read by our law-makers, for whose perusal it is mainly intended, I still trust that they may turn over the leaves sufficiently to recognize the condition of our carrying trade compared with that of England and Germany, as I shall endeavor to portray it in the shorter form of a parable, of which I earnestly hope they will make the application.

### THE THREE FERRIES.

There are two large towns on the opposite banks of a wide river. There is a constantly increasing passenger and business employment, supporting several ferries, between them. In former days the principal ferry masters were an American, an Englishman, and a German. They all employed boats propelled by sails, and especially the first did a very profitable business. Indeed, the American was the most successful, as he and his boys had a way of handling their craft much superior to either of the others. Each had a large family of relatives, and, naturally, as these relatives of theirs were willing to work for the same wages as other people, they built new boats for their kindred whenever they were required.

It so happened, however, that the American's family built much better than the Englishman's. When the latter noticed that the superior craft of the former were better patronized by the public than his own, he asked the Yankee boys if they wouldn't build some boats in their style for him? "Sartain," they said, "if you'll pay us what Uncle Sammy pays for his'n?" "Aye, of course I wull," said Mr. Bull, "for boats like yon I must have, or Sam will run away with all my business, and my family will starve." So Uncle Sam's boys built the boats for Mr. Bull, and the two old gentlemen got on amicably, for there was business enough for them both, and the Dutchman did not interfere with them a great deal. The few carpenters among Mr. Bull's relations did not like this very well, but the old man said to them squarely, "Look you here, now, d'ye think I'm going to let fifty of my relatives stand still because two or three of you, who can't build boats as well as Sam's people, are growling about it? That's not my way; I work for the good of my family at large. Go to work, now, and see if you can invent a better boat than they build; if you can, I will employ you, and so will Sam." They took the old man's advice, for they saw the sense of it, and in a short time they studied out a craft superior in every respect to anything they had before, or that Sam had now. "That's right, boys," exclaimed old Bull, rubbing his hands with glee, "now build some of them, and I'll buy them of you, and so will Sam if he isn't a fool." They did build some excellent boats, to which the public took at once; and everybody who wanted to cross the river, or to send any goods

